

# MISSISSIPPI DIVISION OF MEDICAID

## Eligibility Policy and Procedures Manual

### CHAPTER 200 – Income: Aged, Blind and Disabled (ABD) Categories

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## 200.05 EARNED INCOME EXCLUSIONS

While the source and amount of all earned income must be determined, not all earned income counts when determining Medicaid eligibility. First, any earned income excluded by federal law must be disregarded. Then the applicable income exclusions discussed in this section are applied in the following order to the rest of the earned income in the month:

- Earned income tax credit payments (EITC) and child tax credit (CTC) payments
- Up to \$30 of earned income in a calendar quarter if it is infrequent or irregular
- Student Earned Income Exclusion (SEIE)
- Any portion of the \$50/\$20 general income exclusion which has not been excluded from unearned income in that same month
- \$65 of earned income in a month (applied only once to a couple, even when both members, whether eligible or ineligible, have earned income)
- Earned income of disabled individuals used to pay impairment-related expenses (IRWE)
- One-half of the remaining earned income in a month
- Earned income of blind individuals used to meet work needs (BWE)
- Any earned income used to fulfill an approved plan to achieve self-support (PASS)

An unused earned income exclusion is never applied to unearned income and cannot be carried over for use in subsequent months.

**NOTE:** Income exclusions are not applicable in long term care budgeting. For individuals applying for long term care, the total income received in a month is counted as income in each month for which eligibility is being determined. For a full discussion, refer to the Institutionalization chapter.

### 200.05.01 EARNED INCOME TAX CREDIT (EITC) AND CHILD TAX CREDIT (CTC) PAYMENTS

These special tax credits are available to certain low income working taxpayers. The EITC reduces the federal tax liability and results in a payment to the taxpayer, either as advance from the employer or a refund from IRS. The CTC is a special refundable federal tax credit that is available to parents, step-parents, grandparents and foster parents and provides a refund to individuals even if they do not owe any tax. There is no advance payment with the CTC. Exclude EITC received either as an advance or as a refund and CTC refund payments from income.